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Forwarded to JBRC 8/12/08

<u>Item</u> 1.	<u>Agency:</u> N04 Department of Corrections	<u>Project:</u> 9675, Energy Performance Contract Implementation	CHE Approval Date: Committee Review Date: B&C Board Approval Date:	N/A
	<u>Action Proposed:</u> Establish Construction Budget			
	(Add \$14,363,568.00 [9] Other, Master Lease)			
	<u>Purpose:</u> To implement an energy performance contract at the Department of Corrections. The Department established a project in December 2005 to begin work on an energy performance contract for \$195,000 at five correctional institutions. The contract would address energy savings and deferred maintenance on equipment in the five institutions. Since that time, Corrections has issued a Request for Qualifications for interested energy service companies (ESCOs), conducted a selection process for qualified firms, and selected two ESCO's to submit proposals to identify energy savings projects, determine cost savings to be realized from implementation and determine other utility projects that could be financed through annual savings generated by the projects. Through this process, the Department has chosen Johnson Controls to implement the energy performance contract. In order to sign the contract by August 30, 2008, the Department requests JBRC approval of an increase to its permanent improvement budget from \$195,000 to \$14,558,568 to be funded with Master Lease Program funds. The work will be performed at the Allendale, Broad River, Evans, Livesay and McCormick Correctional Institutions. It will include installing new energy efficient chillers, boilers, and a cooling tower, installing interior and exterior lighting upgrades, replacing and retrofitting toilets, showers, and sinks with low flow devices, upgrading chilled water and hot water pumps, and other measures. Johnson Controls projects the guaranteed annual savings after implementation of all the energy projects at the five institutions at approximately \$1.3 million. Those savings will be used to payback the Master Lease funds over a 12-year period, financed at a rate of 5.25%. The agency reports the total projected cost of this project is \$14,558,568. The agency also reports the projected date for execution of the construction contract is August 2008 and for completion of construction is December 2009.			
			<u>Budget After Action Proposed</u>	
			<u>Source</u>	<u>Amount</u>
			Appropriated State	195,000.00
			Other, Master Lease	14,363,568.00
			Total Funds	14,558,568.00
	<u>Ref:</u> Supporting document pages			